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To authorize an industrial security program, and for other purposes.

That this Act may be cited as the "Industrial
Security Act".

DEFINITIONS

Sec. 2. Except as otherwise expressly provided in this Act, the following terms when used in this Act shall have the meanings hereinafter set forth:

(a) "Department" means the Department of State, the Department of Defense, and the Atomic Energy Commission, the National Aeronautics and Space Administration, the Federal Aviation Agency, and, in sections 6 and 10, includes the Department of Justice.

(b) "Head of a department" means the Secretary of State, the Secretary of Defense, the Commissioners of the Atomic Energy Commission, the Administrator of the National Aeronautics and Space Administration, the Administrator of the Federal Aviation Agency, and, in sections 6 and 10, includes the Attorney General.

(c) "Applicant" means an applicant for access, under regulations prescribed in conformity with the provisions of this Act, to classified information of a specified classification category.

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INDUSTRIAL SECURITY REGULATIONS

Sec. 3. (a) The Secretary of State, the Secretary of Defense, the Commissioner of the Atomic Energy Commission, the Administrator of the National Aeronautics and Space Administration, and the Administrator of the Federal Aviation Agency, respectively, shall, by regulation, prescribe such specific requirements, restrictions, and other safeguards as they consider necessary to protect (1) releases of classified information to or within United States industry that relate to bidding on, or the negotiation, award, performance, or termination of, contracts with their respective agencies, and (2) other releases of classified information to or within industry that such agencies have responsibility for safeguarding. In far as possible, regulations so prescribed by them shall be uniform and provide for full cooperation among the agencies concerned.

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(b) Under agreement between the Department of Defense and any other department or agency of the United States, including, but not limited to, those referred to in section 2 (a), regulations prescribed by the Secretary of Defense under subsection (a) may be extended to apply to protect releases (1) of classified information to or within United States industry that relate to bidding on, or the negotiation, award, performance, or termination of, contracts with such other department or agency, and (2) other releases of classified information to or within industry which such other department or agency has responsibility for safeguarding.

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STANDARD FOR GRANT OF ACCESS

Sec. 4. Authorization for access to classified information may be granted by the head of a department or his designee, including, but not limited to, those officers named in section 10, to an applicant only upon a finding that it is clearly consistent with the national interest to do so.

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DENIAL OR REVOCATION OF ACCESS

Sec. 5. Except as provided in section 11, an authorization for access to a specific classification category may not be finally denied or revoked by the head of a department or his designee,

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including, but not limited to, the officers named in section 10, unless the applicant has been given the following:

(1) A written statement of the reasons why his access authorization may be denied or revoked, which shall be as comprehensive and detailed as the national security permits

(2) A reasonable opportunity to reply in writing under oath or affirmation to the statement of reasons.

(3) After he has filed under oath or affirmation a written reply to the statement of reasons, the form and sufficiency of which may be prescribed by regulations issued by the head of the department concerned, an opportunity to appear personally before the head of the department concerned or his designee, including, but not limited to, those officials named in section 10, for the purpose of supporting his eligibility for access authorization and to present evidence on his behalf.

(4) A reasonable time to prepare for that appearance.

(5) An opportunity to be represented by counsel.

(6) An opportunity to cross-examine persons either orally or through written interrogatories in accordance with section 6 on matters not relating to the characterization in the statement of reasons of any organization or individual other than the applicant.

(7) A written notice of the final decision in his case which, if adverse, shall specify whether the head of the department or his designee, including, but not limited to, those officials named in section 10, found for or against him with respect to each allegation in the statement of reasons.

RIGHT OF CROSS-EXAMINATION

Sec. 6. (a) In any hearing accorded under section 5, an applicant shall be afforded an opportunity to cross-examine persons who have made oral or written statements adverse to the applicant relating to a controverted issue except that any such statement may be received and considered without affording such opportunity in the circumstances described in either of the following paragraphs:

(1) The head of the department supplying the statement certifies that the person who furnished the information is a confidential

informant who has been engaged in obtaining intelligence information for the Government and that disclosure of his identity would be substantially harmful to the national interest; or

(2) The head of the department concerned or his special designee for that particular purpose has preliminarily determined, after considering information furnished by the investigative agency involved as to the reliability of the person and the accuracy of the statement concerned, that the statement concerned appears to be reliable and material, and the head of the department or such special designee has determined that failure to receive and consider such statement would, in view of the level of access sought, be substantially harmful to the national security and that the person who furnished the information cannot appear to testify (A) due to death, severe illness, or similar cause, in which case the identity of the person and the information to be considered shall be made available to the applicant, or (B) due to some other cause determined by the head of the department to be good and sufficient.

(b) Whenever procedures under paragraphs (1) or (2) of subsection (a) of this section are used (1) the applicant shall be given a summary of the information which shall be as comprehensive and detailed as the national security permits, (2) appropriate consideration shall be accorded to the fact that the applicant did not have an opportunity to cross-examine such person or persons, and (3) a final determination adverse to the applicant shall be made only by the head of the department based upon his personal review of the case.

DOCUMENTARY EVIDENCE.

Sec. 7. (k) ^{new} [In any hearing accorded under section 5,] records compiled in the regular course of business, or other physical evidence other than investigative reports, may be received and considered subject to rebuttal without authenticating witnesses, provided that such information has been furnished to the department concerned by an investigative agency pursuant to its responsibilities in connection with assisting the head of the department concerned to safeguard classified information within industry pursuant to this order.

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(b) Records compiled in the regular course of business, or other physical evidence other than investigative reports, relating to a controverted issue which, because they are classified, may not be inspected by the applicant, may be received and considered provided that: (1) the head of the department concerned or his special designee for that purpose has made a preliminary determination that such physical evidence appears to be material. (2) the head of the department concerned or such designee has made a determination that failure to receive and consider such physical evidence would, in view of the level of access sought, be substantially harmful to the national security, and (3) to the extent that the national security permits, a summary or description of such physical evidence is made available to the applicant. In every such case, information as to the authenticity and accuracy of such physical evidence furnished by the investigative agency involved shall be considered. In such instances a final determination adverse to the applicant shall be made only by the head of the department based upon his personal review of the case.

APPEARANCE OF WITNESSES

Sec. 8. In any case in which a hearing is accorded under section 5, the Secretary of State, the Secretary of Defense, or the Administrator of the National Aeronautics and Space Administration, or his representative, may issue to individuals invitations and requests to appear as witnesses and testify in order that the applicant may have the opportunity to cross-examine as provided by this Act. So far as the national security permits, the head of the investigative agency involved shall cooperate with the head of the department or agency concerned in identifying individuals who have made statements adverse to the applicant and in assisting him in making such individuals available for cross-examination. If an individual so invited is an officer or employee of the executive branch of the Government or a member of the armed forces of the United States, the head of the department or agency concerned shall cooperate in making that person available for cross-examination.

EFFECT OF DETERMINATION

Sec. 9. Any determination under this Act adverse to an applicant shall be a determination in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned.

DELEGATION OF AUTHORITY

Sec. 10. Except as otherwise specified in the preceding provisions of this Act, any authority vested in the head of a department by this order may be delegated to the

- (1) Under Secretary of State or a Deputy Under Secretary of State, in the case of authority vested in the Secretary of State;
- (2) Deputy Secretary of Defense or an Assistant Secretary of Defense, in the case of authority vested in the Secretary of Defense;
- (3) General Manager of the Atomic Energy Commission, in the case of authority vested in the Commissioners of the Atomic Energy Commission;
- (4) Deputy Administrator of the National Aeronautics and Space Administration, in the case of authority vested in the Administrator of the National Aeronautics and Space Administration;
- (5) Deputy Administrator of the Federal Aviation Agency, in the case of authority vested in the Administrator of the Federal Aviation Agency; or
- (6) Deputy Attorney General or an Assistant Attorney General, in the case of authority vested in the Attorney General.

SAVING PROVISION

Sec. 11. Nothing contained in this Act shall be deemed to limit or affect the responsibility and powers of the head of a department to deny or revoke access to classified information of a specific classification category if he determines that the security of the nation so requires. Such authority may not be delegated, and may be exercised only when the head of a department determines that the procedures prescribed in sections 5, 6, and 7 cannot be followed consistently with the national security, and such determination shall be conclusive.

TRANSMITTAL SLIP		DATE
TO: <i>Mr.</i>		<i>3/16</i>
ROOM NO.	BU	
REMARKS: <i>I brought John up to date on this. It's keep on watch list.</i>		
FROM:		
ROOM NO.		EXTENSION

GC. What is status of this bill — ? or similar ones.



FORM NO. 241
1 FEB 55

REPLACES FORM 36-8 WHICH MAY BE USED.

(47)

Top Industrial Security Act.

- delete names*
- red out rest of document*
- Comments about placement are general and do not reveal specific document procedures.*
- free back - no back pmt 4 lines 9-11.*